

SPS

COMMONWEALTH OF VIRGINIA  
**CIRCUIT COURT OF FAIRFAX COUNTY**  
4110 CHAIN BRIDGE ROAD  
FAIRFAX, VIRGINIA 22030  
703-691-7320  
(Press 3, Press 1)

Served  
July 22

Park Ctr Assoc LP, et al. vs. Travelers Prop Casualty Co of America

CL-2009-0017246

TO: Travelers Prop Casualty Co of America  
One Tower Square  
Hartford CT 06183

**SUMMONS -CIVIL ACTION**

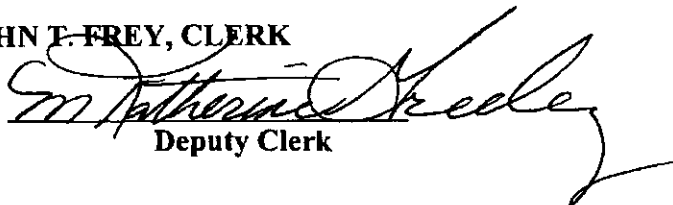
The party upon whom this summons and the attached complaint are served is hereby notified that unless within 21 days after such service, response is made by filing in the Clerk's office of this Court a pleading in writing, in proper legal form, the allegations and charges may be taken as admitted and the court may enter an order, judgment or decree against such party either by default or after hearing evidence.

**APPEARANCE IN PERSON IS NOT REQUIRED BY THIS SUMMONS.**

Done in the name of the Commonwealth of Virginia, on Friday, December 18, 2009.

JOHN T. FREY, CLERK

By:

  
Deputy Clerk

Plaintiff's Attorney Savalle C Sims

**VIRGINIA:**

**IN THE CIRCUIT COURT OF FAIRFAX COUNTY**

FILED  
CIVIL ACTION NO.

2009 DEC -2 PM 2:06

JOHN T. FREY  
CLERK, CIRCUIT COURT  
FAIRFAX, VA

**PARK CENTER ASSOCIATES, LP**  
**4401 Ford Avenue, Suite 400**  
**Alexandria, Virginia 22302**

**- and -**

**2009 N. 14TH STREET LLC**  
**4401 Ford Avenue, Suite 400**  
**Alexandria, Virginia 22302**

**Plaintiffs,**

**v.**

**TRAVELERS PROPERTY CASUALTY**  
**COMPANY OF AMERICA**  
**One Tower Square**  
**Hartford, Connecticut 06183**

**Defendant.**

**2009-17246**

**Civil Action No. \_\_\_\_**

**COMPLAINT**

The Plaintiffs Park Center Associates LP and 2009 N. 14<sup>th</sup> Street LLC  
(collectively, "Plaintiffs"), by and through their undersigned counsel, for their Complaint  
against Defendant, respectfully state and allege as follows.

**THE PARTIES**

1. Plaintiff Park Center Associates, LP ("PCA") is a Virginia limited  
partnership with its principal place of business located at 4401 Ford Avenue, Suite 400 in  
Alexandria, Virginia. PCA is engaged in the business of owning, leasing and managing  
multi-family residential buildings.

2. Plaintiff 2009 N. 14th Street LLC is a Virginia limited liability company with its principal place of business located at 4401 Ford Avenue, Suite 400 in Alexandria, Virginia. 2009 N. 14th Street LLC owns the improvements located at 2009 N. 14<sup>th</sup> Street, in Arlington, Virginia, also known as the Arlington Executive Office Building, pursuant to a ground lease.

3. Defendant Travelers Property Casualty Company of America ("Travelers") is a Connecticut corporation located at One Tower Square, Hartford, Connecticut 06183.

4. Upon information and belief, Travelers is an insurance company that is licensed and/or authorized to do business in the Commonwealth of Virginia and that has, within the time periods relevant to this litigation, transacted business in the Commonwealth of Virginia (the "State"), by doing a series of acts within the State for the purpose thereby of realizing pecuniary benefit, including contracting to supply services in the State and to insure persons, property or risks located within the State.

5. The subject matter of this litigation is insurance coverage for property damage to the Arlington Executive Office Building, located at 2009 N. 14<sup>th</sup> Street, in Arlington, Virginia.

#### **JURISDICTION AND VENUE**

6. This Court has personal jurisdiction over Travelers pursuant to Va. Code § 8.01-328.1(A)(3).

7. Venue is proper pursuant to Va. Code § 8.01 262(4).

### **FACTUAL BACKGROUND**

8. The Plaintiffs purchased a commercial insurance policy from Travelers, bearing policy number Y-630-2910B61A-TIL-07, for the period from November 1, 2007 through November 1, 2008 ("the Policy"), and providing "Deluxe Property Coverage" for, among other "Covered Properties," the Arlington Executive Office Building. A copy of the Policy is attached hereto as **Exhibit 1**.

9. The Policy is an "all-risk" policy which provides coverage for "direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss. . . . Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is: Excluded . . . ."

10. According to the Policy, "Collapse of [a] Building" is an excluded cause of loss unless it is caused by:

- "weight of snow, ice or sleet";
- "weight of people or personal property"; or
- "Use of defective material or methods in construction, remodeling or renovation . . . . if the collapse occurs after construction, remodeling or renovation is complete and is caused in part [by one of the prior causes], we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling or renovation, contributes to the collapse."

11. On December 5, 2007, several inches of snow fell in Arlington, Virginia, including on the parking deck at the Arlington Executive Office Building. A truck equipped with a snow plow drove onto the upper deck of the parking deck to clear the snow.

12. Upon information and belief, an eyewitness heard a loud, cracking sound as the snow plow was clearing snow from the upper deck. The snow plow driver then rapidly exited the upper parking deck.

13. On December 6, 2007, the building engineer at the Arlington Executive Office Building observed that two columns supporting the upper level of the two-level parking structure appeared damaged, and he called a structural engineer to obtain an evaluation of the garage.

14. A December 7, 2007, preliminary engineering survey of the Arlington Executive Office Building parking deck conducted by Thomas Downey Ltd. indicated the two columns had failed, and that the garage needed to be evacuated and the columns shored. Subsequently, other columns have failed. The failed columns are leaning or "torquing" in different directions.

15. The matter was promptly reported to Travelers for coverage of costs associated with stabilizing, rebuilding and/or demolishing the parking deck as well as for the incidental costs, which included, among others, paying to secure the parking deck pending reconstruction, paying for structural and concrete engineers to investigate and evaluate the structure, and paying for alternate parking for tenants of the Arlington Executive Office Building.

16. Plaintiffs provided Travelers with copies of all of the engineering reports, estimates for repair and receipts for consequential costs.

17. The County of Arlington subsequently required that the garage be closed, that vehicular entrances be blocked, and that caution tape be posted to minimize the possibility of pedestrian access.

18. Nearly ten months later, Travelers commissioned its own structural analysis of the parking deck by Wiss, Janney, Elstner Associates, Inc. ("Wiss Janney"). In its September 28, 2008, report, Wiss Janney also concluded that the upper parking deck had "collapsed."

19. In a September 29, 2008, letter Travelers then denied the claim and concluded, without employing a geotechnical engineer, that:

While the imminent collapse may have culminated while there was a live load created by a vehicle, the initiating cause of the damage were bending stresses created by soil settlement/movement. As soil settlement/movement are not named perils under the imminent collapse section of the policy, there is no coverage for the loss.

20. Despite numerous requests from and communications with Plaintiffs, Travelers has failed and refused to participate in funding any of the direct costs associated with stabilizing, rebuilding and/or demolishing the parking deck or the incidental costs associated with securing the parking deck pending reconstruction, investigating and evaluating the parking deck collapse and with relocating tenant parking.

21. As a result of Travelers' refusal to pay any of the costs associated with this covered loss, Plaintiffs have expended substantial sums of money, and will continue to expend such sums in the future, to stabilize, demolish and regrade the parking structure, to secure the parking deck pending reconstruction, to investigate and evaluate the parking deck collapse, to relocate tenant parking, and for other expenses caused by the parking deck collapse.

**COUNT ONE**  
**(Declaratory Judgment)**

22. Plaintiffs repeat and reallege the allegations contained in Paragraphs 1 through 21 as though fully set forth herein.

23. The Policy obligates Travelers to pay Plaintiffs for the costs associated with stabilizing, rebuilding and/or demolishing the parking deck at the Arlington Executive Office Building as well as for the incidental costs, which have included, among others, paying to secure the parking deck pending reconstruction, paying for structural and concrete engineers to investigate and evaluate the structure, and paying for alternate parking for tenants of the Arlington Executive Office Building.

24. All conditions precedent, if any, set forth in the Policy have either been satisfied or waived, or are the subject of an estoppel.

25. Plaintiffs are entitled to coverage under the Policy.

26. Travelers has failed and/or refused to provide coverage for the costs associated with the collapse of the parking deck at the Arlington Executive Office Building.

27. Upon information and belief, Travelers disputes one or more of Plaintiffs' contentions as set forth above in Paragraphs 1 through 26.

28. An actual controversy exists between Plaintiffs and Travelers with respect to Travelers' obligation to pay Plaintiffs for the costs associated with stabilizing, rebuilding and/or demolishing the parking deck at the Arlington Executive Office Building as well as for the incidental costs, which have included, among others, paying to secure the parking deck pending reconstruction, paying for structural and concrete

engineers to investigate and evaluate the structure, and paying for alternate parking for tenants of the Arlington Executive Office Building.

29. Declaratory relief from this Court will terminate all or some of the disputes between and among the parties.

30. A judicial declaration is necessary to establish Plaintiffs' rights and Travelers duties regarding the Arlington Executive Office Building parking deck collapse.

**COUNT TWO**  
**(Breach of Contract)**

31. Plaintiffs repeat and reallege the allegations contained in Paragraphs 1 through 30 as if set forth fully herein.

32. Plaintiffs have incurred, and will incur in the future, financial loss arising out of the Arlington Executive Office Building parking deck collapse.

33. All conditions precedent to recovery under the Policy, if any, have either been satisfied, waived or are the subject of an estoppel.

34. In breach of its Policy, Travelers has failed and/or refused to provide Plaintiffs with full coverage of the costs associated with the Arlington Executive Office Building parking deck collapse, as required by the Policy.

35. As a result of these breaches, Travelers is liable to Plaintiffs for damages in an amount yet to be ascertained for all costs of investigation, defense, damages, costs and payments, and all other sums incurred to date by Plaintiffs, or which may be incurred, together with the costs and disbursements of this action, including but not limited to, reasonable attorney fees and pre-judgment and post-judgment interest.



**PRAYER FOR RELIEF**

WHEREFORE, Plaintiffs respectfully request this Court to:

1. Declare and adjudge that the Policy sold to Plaintiffs by Travelers provides insurance coverage to Plaintiffs for the costs associated with the Arlington Executive Office Building parking deck collapse;
2. Declare and adjudge that Travelers is obligated to indemnify Plaintiffs for all sums which Plaintiffs have paid or will in the future become obligated to pay in connection with the Arlington Executive Office Building parking deck collapse;
3. Enjoin Travelers from failing and refusing to pay Plaintiffs for the costs associated with stabilizing, rebuilding and/or demolishing the parking deck at the Arlington Executive Office Building as well as for the incidental costs Plaintiffs have and will incur;
4. Grant Plaintiffs specific performance of the Policy;
5. Award money damages, together with pre-judgment and post-judgment interest, in an amount to be proven at trial;
6. Require Travelers to pay the costs Plaintiffs have paid or will become obligated to pay in connection with the Arlington Executive Office Building parking deck collapse;
7. Award for costs of suit;
8. Award attorneys' fees; and
9. Grant such other further relief as the Court may deem just and proper.

**JURY TRIAL DEMANDED**

Plaintiffs demand trial by jury as to all Counts.

Respectfully submitted,



Savalle C. Sims, Esquire, VSB #39274  
ARENT FOX LLP  
1050 Connecticut Avenue, N.W.  
Washington, D.C. 20036-5339  
Telephone: (202) 857-8948  
Facsimile: (202) 857-6395

*Attorneys for Plaintiffs*

**OF COUNSEL**

Deanne M. Ottaviano, Esquire  
ARENT FOX LLP  
1050 Connecticut Avenue, N.W.  
Washington, D.C. 20036-5339  
Telephone: (202) 857-6000  
Facsimile: (202) 857-6395

*Attorneys for Plaintiffs*

CH. EFFECTIVE DATE: 12-01-07  
CH. ENDORSEMENT NUMBER: 0002



One Tower Square, Hartford, Connecticut 06183

CHANGE ENDORSEMENT

Named Insured:  
PARK CENTER ASSOCIATES, LP

Policy Number: Y-630-2910B61A-TIL-07  
Policy Effective Date: 11/01/07  
Issue Date: 12/20/07  
Premium \$ 0

INSURING COMPANY:  
TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

Effective from 12/01/07 at the time of day the policy becomes effective.

THIS INSURANCE IS AMENDED AS FOLLOWS:

THE FOLLOWING FORM IS ADDED PER ATTACHED:

IL T3 45 11 03 - EXCLUSION-DESIGNATED ENTITIES

NAME AND ADDRESS OF AGENT OR BROKER:  
BB&T INS SERV-FAIRFAX (G7456)  
3975 FAIR RIDGE DR STE 110  
FAIRFAX, VA 22033

COUNTERSIGNED BY:

  
Authorized Representative

DATE: 2/26/08

IL TO 07 09 87 PAGE 1 OF 1  
OFFICE: CHANTILLY/WASHDC

CHANGE EFFECTIVE DATE: 12-01-07  
CH/ ENDORSEMENT NUMBER: 0002



POLICY NUMBER: Y-630-2910B61A-TIL-07

EFFECTIVE DATE: 11-01-07

ISSUE DATE: 12-20-07

LISTING OF FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS

THIS LISTING SHOWS THE NUMBER OF FORMS, SCHEDULES AND ENDORSEMENTS  
BY LINE OF BUSINESS.

IL T0 07 09 87	CHANGE ENDORSEMENT
IL T8 01 10 93	FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS
IL T3 45 11 03	EXCLUSION-DESIGNATED ENTITIES



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EFFECTIVE DATE: 12-01-07  
ENDORSEMENT NUMBER: 0002

POLICY NUMBER: Y-630-2910B61A-TIL-07

ISSUE DATE: 12-20-07

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – DESIGNATED ENTITIES**


This endorsement modifies insurance provided under the following:

COMMERCIAL EXCESS LIABILITY (UMBRELLA) INSURANCE  
LIQUOR LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS COVERAGE PART  
COMMERCIAL AUTO COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
EMPLOYEE BENEFITS LIABILITY COVERAGE PART

### **SCHEDULE**

#### **DESIGNATED ENTITIES:**

ERKILETIAN CONSTRUCTION COMPANY

- 
1. None of the entities designated in the Schedule, nor any subsidiaries thereof, are Named Insured under this insurance; and
  2. This insurance does not apply to liability incurred by you or any of your subsidiaries arising out of the products, operations, acts or omissions of any entities listed in the Schedule, or of any subsidiary of those entities.

CHAN JENDORSEMENT NUMBER: 0001



One Tower Square, Hartford, Connecticut 06183

## CHANGE ENDORSEMENT

Named Insured:  
PARK CENTER ASSOCIATES, LP

Policy Number: Y-630-2910B61A-TIL-07  
Policy Effective Date: 11/01/07  
Issue Date: 11/28/07  
Additional Premium \$ 29,894

INSURING COMPANY:  
TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

Effective from 12/01/07 at the time of day the policy becomes effective.

THIS INSURANCE IS AMENDED AS FOLLOWS:

NAMED INSURED IS AMENDED TO READ PER IL T8 00 ATTACHED.

THE COMMERCIAL GENERAL LIABILITY COVERAGE PART IS AMENDED AS FOLLOWS:

DECLARATIONS PREMIUM SCHEDULE CG TO 07 09 87 IS AMENDED AS FOLLOWS:

LOC/ BLDG NO	CLASS DESCRIPT/ CODE NO	SUBLINE	PREMIUM BASE/ EXPOSURE	RATES	ADVANCE PREMIUM
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ADD:

2/2 REAL ESTATE MANAGED

65311	PREM/OPS	S/IF ANY	.524	0
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CONTRACTORS - SUBCONTRACTED WORK - IN CONNECTION WITH  
BUILDING CONSTRUCTION, RECONSTRUCTION, REPAIR OR ERECTION -  
APARTMENT OR OFFICE BUILDINGS OVER FOUR STORIES

84153	PREM/OPS	C/3,157,400	0.686	2,166
	PROD/C-OPS	C/3,157,400	7.219	22,793

CARPENTRY - NOC

91342	PREM/OPS	P/IF ANY	18.597	0
	PROD/C-OPS	P/IF ANY	14.564	0

CONTRACTORS - EXECUTIVE SUPERVISORS OR EXECUTIVE  
SUPERINTENDENTS

NAME AND ADDRESS OF AGENT OR BROKER:  
BB&T INS SERV-FAIRFAX (G7456)  
3975 FAIR RIDGE DR STE 110  
FAIRFAX, VA 22033

COUNTERSIGNED BY:

*Carol Donoghue*  
Authorized Representative

DATE: 2/26/08

IL TO 07 09 87 PAGE 1 OF 2  
OFFICE: CHANTILLY/WASHDC

CHANC ENDORSEMENT NUMBER: 0001

**TRAVELERS** 

One Tower Square, Hartford, Connecticut 06183

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**CHANGE ENDORSEMENT**

Policy Number: Y-630-2910B61A-TIL-07

Policy Effective Date: 11/01/07

Issue Date: 11/28/07

91580

PREM/OPS

P/289,000

26.319

7,606

IL TO 07 09 87 PAGE 2 OF 2

OFFICE: CHANTILLY/WASHDC 226  
PRODUCER NAME: BB&T INS SERV-FAIRFAX

G7456



## COMMERCIAL INSURANCE

### A Custom Insurance Policy Prepared for:

PARK CENTER ASSOCIATES, LP  
4401 FORD AVENUE SUITE 400  
ALEXANDRIA VA 22302

Presented by: **BB&T INS SERV-FAIRFAX**





One Tower Square, Hartford, Connecticut 06183

REAL ESTATE OWNERS  
COMMON POLICY DECLARATIONS  
ISSUE DATE: 11/06/07

POLICY NUMBER: Y-630-2910B61A-TIL-07

INSURING COMPANY:  
TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

1. NAMED INSURED AND MAILING ADDRESS:  
PARK CENTER ASSOCIATES, LP (AS PER IL T8 00)  
4401 FORD AVENUE SUITE 400  
ALEXANDRIA, VA 22302

2. POLICY PERIOD: From 11/01/07 to 11/01/08 12:01 A.M. Standard Time at  
your mailing address.

3. LOCATIONS  
Premises Bldg.  
Loc. No. No. Occupancy Address  
  
SEE IL TO 03

4. COVERAGE PARTS FORMING PART OF THIS POLICY AND INSURING COMPANIES:  
DELUXE PROPERTY COVERAGE PART DECLARATIONS DX TO 00 09 98 TIL  
COMMERCIAL GENERAL LIABILITY COV PART DECLARATIONS CG TO 01 11 03 TIL  
EMPLOYEE BENEFITS LIABILITY COV PART DECLARATIONS CG TO 09 09 93 TIL

5. NUMBERS OF FORMS AND ENDORSEMENTS  
FORMING A PART OF THIS POLICY: SEE IL T8 01 10 93

6. SUPPLEMENTAL POLICIES: Each of the following is a separate policy  
containing its complete provisions:  
Policy Policy No. Insuring Company

7. PREMIUM SUMMARY:  
Provisional Premium \$ 264,176  
Due at Inception \$ 264,176  
Due at Each \$

NAME AND ADDRESS OF AGENT OR BROKER:  
BB&T INS SERV-FAIRFAX (G7456)  
3975 FAIR RIDGE DR STE 110  
FAIRFAX, VA 22033

COUNTERSIGNED BY:

Authorized Representative

DATE: 2/26/08

IL TO 02 11 89 PAGE 1 OF 1  
OFFICE: CHANTILLY/WASHDC



POLICY NUMBER: Y-630-2910B61A-TIL-07

EFFECTIVE DATE: 11-01-07

ISSUE DATE: 11-06-07

## LISTING OF FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS

THIS LISTING SHOWS THE NUMBER OF FORMS, SCHEDULES AND ENDORSEMENTS  
BY LINE OF BUSINESS.

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IL T8 01 10 93	FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS
IL T3 18 07 06	COMMON POLICY CONDITIONS-DELUXE
IL TO 03 04 96	LOCATION SCHEDULE
IL T8 00	GENERAL PURPOSE ENDORSEMENT

## DELUXE PROPERTY

OX TO 00 09 98	DELUXE PROPERTY COV PART DECLARATIONS
OX 00 01 07 94	MORTGAGEE HOLDER SCHEDULE
OX TO 04 03 98	DELUXE PROP COV - SUPPLEMENTAL DEC
OX 00 04 03 98	TABLE OF CONTENTS - DELUXE PROP COV PART
OX T1 00 03 98	DELUXE PROPERTY COVERAGE FORM
OX T1 01 03 98	DELUXE BUSINESS INCOME COV FORM AND EE
OX T3 42 03 98	DATA PROCESSING EQUIPMENT & MEDIA COV
OX 00 05 11 94	CANCELLATION CHANGES - DELUXE
OX T3 01 03 98	CAUSES OF LOSS - EARTHQUAKE
OX T3 19 02 04	CAUSES OF LOSS - EQUIPMENT BREAKDOWN
OX T3 79 03 98	LOSS PAYABLE PROVISIONS
OX T4 02 01 06	TERRORISM RISK INS ACT 2002 DISCLOSURE
CP 10 62 04 98	EXCL OF CERTAIN COMPUTER-REL LOSSES-VA
OX 01 60 07 06	VA CHANGES
OX T3 97 08 06	FUNGUS, ROT, BACTERIA & OTHER CAUSES
OX T3 98 04 02	ELECTRONIC VANDALISM LIMITATION

## COMMERCIAL GENERAL LIABILITY

CG TO 01 11 03	COML GENERAL LIABILITY COV PART DEC
CG TO 07 09 87	DECLARATIONS PREMIUM SCHEDULE
CG TO 08 11 03	KEY TO DECLARATIONS PREMIUM SCHEDULE
CG TO 34 11 03	TABLE OF CONTENTS
CG 00 01 10 01	COMMERCIAL GENERAL LIABILITY COV FORM
CG 02 37 11 03	EXCLUSION-REAL ESTATE DEV ACTIVITIES
CG 02 55 11 03	AMENDMENT OF COVERAGE - POLLUTION
CG 21 70 11 02	CAP ON LOSSES CERTIFIED ACTS TERRORISM
CG 00 37 04 05	OTHER INSURANCE-ADDITIONAL INSUREDS
CG 01 86 11 03	XTEND ENDORSEMENT
CG 02 34 01 05	WEB XTEND - LIABILITY
CG 02 43 01 02	FUNGI OR BACTERIA EXCLUSION
CG 02 56 11 03	AMENDMENT OF COVERAGE
CG 02 88 11 03	EMPLOYMENT-RELATED PRACTICES EXCLUSION
CG 03 26 01 04	EXCLUSION-UNSOLICITED COMMUNICATIONS
CG 21 35 10 01	EXCL-MEDICAL PAYMENTS
CG 00 76 06 93	EXCLUSION-LEAD

## COMMON POLICY CONDITIONS – DELUXE

All Coverage Parts included in this policy are subject to the following conditions.

### A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 60 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. If the policy is cancelled, that date will become the end of the policy period. If a Coverage Part is cancelled, that date will become the end of the policy period as respects that Coverage Part only.

Cancellation will not affect coverage on any shipment in transit on the date of the cancellation. Coverage will continue in full force until such property is delivered and accepted.
5. If this policy or any Coverage Part is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

### C. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

### D. INSPECTIONS AND SURVEYS

1. We have the right but are not obligated to:
  - a. Make inspections and surveys at any time;
  - b. Give you reports on the conditions we find; and
  - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake related only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

### E. PREMIUMS

1. The first Named Insured shown in the Declarations:
  - a. Is responsible for the payment of all premiums; and
  - b. Will be the payee for any return premiums we pay.

**LOCATION SCHEDULE****POLICY NUMBER: Y-630-291 0B61 A-TIL-07**

This Schedule of Locations and Buildings applies to the Common Policy Declarations for the period  
11-01-07 to 11-01-08 .

<b>Loc. No.</b>	<b>Bldg. No.</b>	<b>Address</b>	<b>Occupancy</b>
1	1	NORTH HAMPTON DRIVE ALEXANDRIA, VA 22301	LAND
2	2	4401 FORD AVENUE ALEXANDRIA, VA 22301	OFFICE
3	3	2901-3001 PARK CENTER DR ALEXANDRIA, VA 22301	APARTMENT
4	4	2006-2042 PEACH ORCHARD DR FALLS CHURCH, VA 22040	APARTMENT
5	5	PARK CENTER DR ALEXANDRIA, VA 22301	OFFICE
6	6	3101 NORTHHAMPTON DR ALEXANDRIA, VA 22302	CONDO
7	7	2009 N 14TH STREET ARLINGTON, VA 22201	OFFICE BUILDING

POLICY NUMBER: Y-630-291 DB61A-TIL-07

GENERAL PURPOSE ENDORSEMENT

ITEM 1 NAMED INSURED TO READ:

PARK CENTER ASSOCIATES, LP  
PEACH ORCHARD LIMITED PARTNERSHIP  
PEACH ORCHARD INVESTORS, LC  
NORTHAMPTON WEST, LC  
NORTHAMPTON WEST INVESTORS, LC  
NORTHAMPTON LC  
3101 NORTH HAMPTON INVESTORS, LC  
2009 N. 14TH STREET LLC



**DELUXE PROPERTY**





One Tower Square, Hartford, Connecticut 06183

**DELUXE PROPERTY COVERAGE  
PART DECLARATIONS**
**POLICY NUMBER: Y-630-2910B61A-TIL-07**  
**ISSUE DATE: 11-06-07**
**INSURING COMPANY:**  
**TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA**
**EFFECTIVE DATE:** Same as policy unless otherwise specified:

**COVERAGES AND LIMITS OF INSURANCE - DESCRIBED PREMISES**

Insurance applies on a BLANKET basis only to a coverage for which a Limit of Insurance is shown. The most we will pay for loss or damage in any one occurrence at any one premises location is 110 % of the value(s) for each Building or Structure and separately for the total of Personal Property (including but not limited to furniture and fixtures, machinery and equipment, "stock", all other personal property owned by you and used in your business and your use interest in improvements and betterments) and Personal Property of Others at each location as shown on the latest Statement of Values filed with us and at each premises location as subsequently reported to and agreed by us to insure. For insurance that applies to a specific premises location see Deluxe Property Coverage Part Schedule - Specific Limits.

**DELUXE PROPERTY COVERAGE FORM**

Blanket Description of Coverage or Property	Limits of Insurance
Building(s)	\$ 143,189,996
Your Business Personal Property	\$ 900,000

**COINSURANCE PROVISION:**

Coinurance does not apply to the Blanket coverages shown above.

**VALUATION PROVISION:**

Replacement cost (subject to limitations) applies to any types of covered property shown above.

DX TO 00 09 98



One Tower Square, Hartford, Connecticut 06183

**DELUXE PROPERTY COVERAGE  
PART DECLARATIONS**
**POLICY NUMBER: Y-630-2910861A-TIL-07  
ISSUE DATE: 11-06-07**
**DELUXE PROPERTY COVERAGE FORM - ADDITIONAL COVERAGES & COVERAGE EXTENSIONS**

The following Limits of Insurance are included in the coverage form and apply in any one occurrence unless otherwise stated. Revised limits, if any, will be stated in the column on the right.

	Limits of Insurance	Revised Limits of Insurance
Accounts Receivable:		
On premises	\$ 25,000	
In transit or at und-described premises	\$ 10,000	
Appurtenant Buildings and Structures	\$ 100,000	
Claim Data Expense	\$ 25,000	
Debris Removal (additional limit)	\$ 250,000	
Expediting Expense	\$ 25,000	
Extra Expense	\$ 10,000	
Fine Arts	\$ 50,000	
Fire Department Service Charge	Policy Limit	
Fire Equipment Discharge	Policy Limit	
Newly Constructed or Acquired Property:		
Building - each	\$ 2,000,000	
Personal Property at each premises	\$ 1,000,000	
Ordinance or Law	\$ 250,000	\$ 1,000,000
Outdoor Property	\$ 25,000	
Overseas Business Travel - Personal Property	\$ 25,000	
Personal Effects	\$ 25,000	
Personal Property		
at Und-described Premises - Limited*	\$ 10,000	
Personal Property in Transit - Limited*	\$ 10,000	
Pollutant Clean-Up and Removal - Aggregate	\$ 100,000	
Preservation of Property	Policy Limit	
Reward Coverage	\$ 25,000	
Theft Damage to Rented Property	Policy Limit	
Valuable Papers:		
On premises	\$ 25,000	
In transit or at und-described premises	\$ 10,000	
Water Damage, Other Liquids, Powder or Molten Material Damage	Policy Limit	

\* DOES NOT APPLY IF A LIMIT IS SHOWN PREVIOUSLY

DX TO 00 09 98

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One Tower Square, Hartford, Connecticut 06183

**DELUXE PROPERTY COVERAGE  
PART DECLARATIONS**
**POLICY NUMBER: Y-630-2910B61A-TIL-07  
ISSUE DATE: 11-06-07**
**DELUXE BUSINESS INCOME COVERAGE FORM (AND EXTRA EXPENSE) - DESCRIBED PREMISES**

Premises Location No.	Building No.	Limits of Insurance
2 THRU 7	2 THRU 7	\$ 15,732,290

Coinsurance percentage applicable: 100

Rental Value: Included

Ordinary Payroll: Excluded

Extended Business Income - 90 days

**DELUXE BUSINESS INCOME - ADDITIONAL COVERAGES AND COVERAGE EXTENSION**

The following Limits of Insurance are included in the coverage form and apply in any one occurrence unless otherwise stated. Revised limits, if any, will be stated in the column on the right.

	Limits of Insurance	Revised Limits of Insurance
Business Income from Dependent Property	\$ 100,000	
Claim Data Expense	\$ 25,000	
Newly Acquired Locations	\$ 500,000	
Ordinance or Law - Increased Period of Restoration	\$ 250,000	

**CAUSES OF LOSS - EARTHQUAKE**

	Occurrence Limit	Annual Aggregate Limit
1. Applies at the following Building(s) numbered:		
002-004,006,007	\$ 5,000,000	\$ 5,000,000

If more than one Annual Aggregate Limit applies in any one occurrence, the most we will pay during each annual period is the largest of the Annual Aggregate Limits shown.

**DATA PROCESSING EQUIPMENT AND MEDIA COVERAGE**

Covered Property:	Limits of Insurance
Equipment	\$ 350,000
Data and Media	\$ 25,000

DX TO 00 09 98



One Tower Square, Hartford, Connecticut 06183

**DELUXE PROPERTY COVERAGE  
PART DECLARATIONS**
**POLICY NUMBER: Y-630-2910B61A-TIL-07  
ISSUE DATE: 11-06-07**
**DATA PROCESSING EQUIPMENT AND MEDIA COVERAGE (continued)**

		Limits of Insurance
Similar Property of Others		Not Covered
Property in Transit or at Undescribed Premises	\$	25,000
Extra Expense	\$	25,000

**Data Processing Equipment and Media Coverage Extensions**

The following Limits of Insurance are included in the Data Processing Equipment and Media Coverage Form and apply in any one occurrence unless otherwise stated. Revised limits, if any, will be stated in the column on the right.

	Limits of Insurance	Revised Limits of Insurance
Newly Acquired Equipment	\$ 500,000	
Newly Acquired Data and Media	\$ 50,000	
Duplicate Data and Media	\$ 50,000	
Computer Virus Extraction Expense	\$ 10,000	

**DEDUCTIBLES - THE FOLLOWING DEDUCTIBLE AMOUNTS SHALL APPLY TO LOSS:****BY EARTHQUAKE:**

1. In any one occurrence at the following Building(s) numbered:

002-004,006,007	\$	25,000
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As respects Business Income Coverage a 72 hour deductible applies at all premises locations where a percent deductible applies.

**TO DATA PROCESSING EQUIPMENT AND MEDIA:**

Covered Property in any one occurrence:	\$	1,000
Equipment Failure Coverage in any one occurrence:	\$	1,000

**BUSINESS INCOME:**

As respects Business Income Coverage, for which no other deductible is stated above, a 48 hour deductible applies.

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One Tower Square, Hartford, Connecticut 06183

DELUXE PROPERTY COVERAGE  
PART DECLARATIONS

POLICY NUMBER: Y-630-2910B61A-TIL-07  
ISSUE DATE: 11-06-07

DEDUCTIBLES: (continued)

BY ANY OTHER COVERED LOSS in any one occurrence: \$ 10,000



DX TO 00 09 98

POLICY NUMBER: Y-630-2910B61A-TIL-07

ISSUE DATE: 11-06-07

## MORTGAGE HOLDER SCHEDULE

Premises Loc. No.	Bldg. No.	Mortgage Holder Name and Mailing Address
3	3	US BANK, FORMERLY SUNTRUST BANK 919 E MAIN STREET, 10TH FLOOR RICHMOND VA 23219
4	4	FREDDIE MAC, ITS SUCCESSORS AND/OR ASSIGNS C/O KEYCORP RL ESTE CPTL MRKTS, INC. BNFCRY/DEED, 911 MAIN ST STE 500 KANSAS CITY MO 64105



One Tower Square, Hartford, Connecticut 06183

**DELUXE PROPERTY COVERAGE  
PART DECLARATIONS**

**POLICY NUMBER:  
ISSUE DATE:**

**APPLICABLE TO PREMISES LOCATIONS SITUATED IN VIRGINIA ONLY**

In compliance with Virginia Code, the following mandatory offer of coverage applies:

THE ORDINANCE OR LAW COVERAGE CONTAINED IN THIS POLICY EXCLUDES ALL COSTS ASSOCIATED WITH POLLUTANT CLEANUP AND ASSESSMENT. AN OPTIONAL ORDINANCE OR LAW COVERAGE-VIRGINIA (BROAD FORM) ENDORSEMENT (DX T3 92) IS AVAILABLE WHICH PROVIDES COVERAGE FOR POLLUTANT CLEANUP SUBJECT TO THE EXCLUSIONARY LANGUAGE CONTAINED IN THE ENDORSEMENT. PLEASE CONTACT YOUR AGENT FOR DETAILS CONCERNING THE AVAILABILITY OF THIS COVERAGE.



**DX T0 04 03 98**

**PRODUCER:**

**OFFICE:**

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The following indicates the contents of the principal Forms which may be attached to your policy. It contains no reference to the Declarations or Endorsements which also may be attached.

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## DELUXE PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. REFER TO SECTION I.- DEFINITIONS.

### A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss.

#### 1. Covered Causes of Loss

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

Excluded in Section B., Exclusions;

Limited in Section C., Limitations; or

Excluded or limited in the Declarations or by endorsements.

#### 2. Covered Property

Covered Property, as used in this Coverage Part, means the following types of property described in this section A.2., and limited in A.3., Property and Costs Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. **Building(s)**, means the designated buildings or structures at the premises described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Machinery and equipment permanently attached to the building;
- (4) Personal property owned by you that is used to maintain or service the buildings or structures or its grounds, including:
  - (a) Fire extinguishing equipment;
  - (b) Outdoor furniture;
  - (c) Floor coverings;
  - (d) Lobby and hallway furnishings owned by you;
  - (e) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(f) Lawn maintenance and snow removal equipment; and

(g) Alarm systems.

(5) If not covered by other insurance:

(a) Alterations and repairs to the buildings or structures; and

(b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making alterations or repairs to the buildings or structures.

b. **Your Business Personal Property** located in or on the designated buildings at the premises described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises, consisting of the following unless otherwise specified on the Declarations:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - (a) Made a part of the buildings or structures you occupy or lease but do not own; and
  - (b) you acquired or made at your expense, but are not permitted to remove; and

- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise insured under Personal Property of Others.

**c. Personal Property of Others that is:**

- (1) In your care, custody, or control; and
- (2) Located in or on the designated buildings at the premises described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

However, our payment for loss of or damage to Personal Property of Others will only be for the account of the owner of the property.

**d. Personal Property At Undescribed Premises meaning Your Business Personal Property or Personal Property of Others that:**

- (1) is at an "exhibition" including while in transit to and from the "exhibition" site;
- (2) is at any installation or temporary storage premises and your insurable interest continues until the installation is accepted; or
- (3) is at any other premises not described in the Declarations, which you do not own, lease or regularly operate.

This coverage does not include personal property in the care, custody or control of your sales representatives.

Coverage under d.(1) "exhibitions" applies worldwide except within any country on which the United States government has imposed sanctions, embargoes or any other similar prohibition.

**e. Personal Property in Transit meaning:**

- (1) Your Business Personal Property; and
- (2) Personal Property of Others

while in transit and shipped by the type of conveyance stated in the Declarations.

We will also pay for:

- (1) Any general average or salvage charges you incur as respects losses to waterborne shipments; and
- (2) Your interest in shipments sold Free On Board if you cannot collect the loss or damage from the consignee.

This coverage does not include:

- (1) Personal property in the care, custody or control of your sales representatives;
- (2) Shipments by a government postal service;
- (3) Export shipments after the earlier of the following:
  - (a) After placed on the export conveyance; or
  - (b) When coverage under an Ocean Marine or other insurance policy covering the property begins;
- (4) Import shipments before the earlier of the following:
  - (a) It is unloaded from the importing vessel or conveyance; or
  - (b) When coverage under an Ocean Marine or other insurance policy covering the property ends;
- (5) Property of others for which you are responsible while acting as a common or contract carrier, freight forwarder, freight consolidator, or freight broker.

**f. Sales Representative Property meaning Your Business Personal Property and Personal Property of Others in the custody of any one of your sales representatives.**

**3. Property and Costs Not Covered**

Unless the following property is added by endorsement to this Coverage Form, Covered Property does not include:

- a. Accounts and bills, except as provided in the Accounts Receivable Coverage Extension;
- b. Currency, deeds, food stamps or other evidences of debt, money, notes, checks, drafts, or securities (lottery tickets held for sale are not securities);



- c. Contraband or property in the course of illegal transportation or trade;
- d. Water or land whether in its natural state or otherwise (including land on which the property is located), growing crops, or standing timber;
- e. The cost of excavations, grading, backfilling or filling (except those costs made necessary due to repair of buildings insured under this policy from a Covered Cause of Loss), reclaiming or restoring land or water;
- f. The cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as provided in the Accounts Receivable and Valuable Papers Coverage Extensions;
- g. "Fine arts", except as provided in the Personal Effects and Fine Arts Coverage Extensions;
- h. Personal Property sold by you under an installment plan, conditional sale, trust agreement or other deferred payment plan after delivery to the purchasers;
- i. Property that is covered under another coverage form or endorsement of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- j. Vehicles or self-propelled machines that:
  - (1) Are licensed for use on public roads; or
  - (2) Are operated principally away from the described premises;
- k. Aircraft or watercraft (other than watercraft owned by you while out of water at the described premises);
- l. Animals or birds;
- m. Automobiles held for sale;
- n. Bulkheads, pilings, piers, wharves, docks, dikes or dams;
- o. Underground tanks, pipes, flues, drains, tunnels whether or not connected to buildings, mines or mining property; and

- p. The following property while outside of buildings:

- (1) Bridges, roadways, walks, patios, or other paved surfaces;
- (2) Retaining walls that are not part of the building described in the Declarations;
- (3) Fences, trees, shrubs, plants or lawns (including fairways, greens and tees); or
- (4) Harvested grain, hay, or straw or other crops.

except as provided in the Outdoor Property Coverage Extension.

**4. Additional Coverages - Unless otherwise indicated in the Declarations, the following Additional Coverages apply:**

**a. Debris Removal**

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

This Additional Coverage does not apply to:

- (a) Costs to extract "pollutants" from land or water; or
- (b) Costs to remove, restore or replace polluted land or water.

- (2) Payment for Debris Removal is included within the applicable Limit of Insurance shown in the Declarations. The most we will pay under this Additional Coverage is 25% of:

- (a) The amount we pay for the direct physical loss of or damage to Covered Property; plus
- (b) The deductible in this policy applicable to that loss or damage.

Unless otherwise stated in the Declarations when the debris removal expense exceeds the above 25% limitation or the sum of loss of or damage to Covered Property and the expense for removal of its debris exceed the applicable Limit of Insurance

we will pay an additional amount for debris removal expense up to \$250,000 in any one occurrence.

**b. Pollutant Cleanup and Removal**

We will pay your expense to extract "pollutants" from land or water at the premises described in the Declarations, if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from "specified causes of loss" which occurs:

1. On the described premises;
2. To Covered Property; and
3. During the policy period.

The expenses will be paid only if they are reported to us within 180 days of the date on which the covered loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage is \$100,000 for the sum of all covered expenses arising out of covered losses occurring during each separate 12 month period of this policy.

**c. Preservation of Property**

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for:

- (1) Any direct physical loss or damage to this property:
  - (a) While it is being moved or while temporarily stored at another location; and
  - (b) Only if the loss or damage occurs within 180 days after the property is first moved; and
- (2) The cost to remove the property from the described premises.

Coverage will end when any of the following first occurs:

- (1) When the policy is amended to provide insurance at the new location;

- (2) The property is returned to the original location; or

- (3) This policy expires.

**d. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay for your liability for any fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No deductible applies to this Additional Coverage.

**e. Reward Coverage**

We will reimburse you for reward(s) you have incurred leading to:

- (1) The successful return of undamaged stolen articles to a law enforcement agency; or
- (2) The arrest and conviction of any person(s) who have damaged or stolen any of your Covered Property.

We will pay 25% of the covered loss (prior to the application of any applicable deductible and recovery of undamaged stolen articles) up to a maximum of \$25,000 for the payments of rewards you make. These reward payments must be documented. No deductible applies to this Additional Coverage.

**f. Ordinance or Law Coverage**

- (1) If a Covered Cause of Loss occurs to a Covered Building we will pay:

- (a) For loss or damage caused by the enforcement of any ordinance or law that:

- i. Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
- ii. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
- iii. Is in force at the time of loss.

- (b) When the Covered Building is insured for replacement cost, the increased cost to repair, rebuild or construct the property caused by enforcement of building, zoning or land use ordinance or law. If the property is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use ordinance or law.
  - (c) The cost to demolish and clear the site of undamaged parts of the property caused by enforcement of the building, zoning or land use ordinance or law.
- (2) We will not pay under this coverage for loss due to any ordinance or law that:
- (a) You were required to comply with before the loss, even if the building was undamaged; and
  - (b) You failed to comply with.
- (3) We will not pay under this coverage for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".
- (4) We will not pay for increased construction costs under this coverage:
- (a) Until the property is actually repaired or replaced, at the same location or elsewhere; and
  - (b) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed 2 years. We may extend this period in writing during the 2 years.
- (5) The most we will pay for increased construction cost under this coverage is the increased cost of construction of a building of the same size:
- (a) At the same premises; and
  - (b) Limited to the minimum requirements of such law or ordinance

regulating the repair or reconstruction of the damaged property on the same site.

- (c) If the ordinance or law requires relocation to another premises, the cost at the new premises.

The most we will pay for loss under this Additional Coverage is \$250,000 in any one occurrence.

#### g. Fire Protective Equipment Discharge

If fire protective equipment discharges accidentally or to control a Covered Cause of Loss we will pay your cost to:

- (1) refill or recharge the system with the extinguishing agents that were discharged; and
- (2) replace or repair faulty valves or controls which caused the discharge.

#### h. Expediting Expenses

In the event of covered loss or damage, we will pay for the reasonable and necessary additional expenses you incur to make temporary repairs, expedite permanent repairs, or expedite permanent replacement at the premises sustaining loss or damage. Expediting expenses include overtime wages and the extra cost of express or other rapid means of transportation. Expediting expenses do not include expenses you incur for the temporary rental of property or temporary replacement of damaged property.

The most we will pay under this Additional Coverage is \$25,000 in any one occurrence.

#### i. Overseas Business Travel

We will pay for direct physical loss or damage to business personal property while in the custody of any officer or employee of the insured while temporarily traveling outside of the United States of America (including its territories and possessions), Puerto Rico and Canada.

The most we will pay for loss under this Additional Coverage is \$25,000 in any one occurrence.

**5. Coverage Extensions - Unless otherwise indicated in the Declarations, the following Coverage Extensions apply:**

You may extend the insurance provided by this Coverage Form as follows:

**a. Newly Constructed or Acquired Property**

**(1) Insurance applies to:**

(a) Your new buildings or additions while being built on the described premises or newly acquired premises including materials, equipment, supplies and temporary structures, on or within 1,000 feet of the premises;

(b) Buildings you acquire at locations other than the described premises; and

(c) Buildings you are required to insure under a written contract.

The most we will pay for loss or damage under this Extension is \$2,000,000 at each building.

**(2) You may extend the insurance for which a Limit of Insurance is stated in the Declarations that applies to Your Business Personal Property or to Personal Property of Others to apply to that type of property at a building you newly acquire:**

(a) at a location described in the Declarations; and

(b) at any other location you acquire by purchase or lease.

The most we will pay for loss or damage to Your Business Personal Property and Personal Property of Others under this Extension is \$1,000,000 in total at each newly acquired premises.

**(3) Insurance under this Extension for each newly acquired or constructed property will end when any of the following first occurs:**

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property;

(c) You report values to us; or

(d) The property is more specifically insured.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

**b. Appurtenant Buildings and Structures**

When this policy covers Building(s) you may extend the insurance that applies to your buildings at the described premises to apply to incidental appurtenant buildings and structures, including but not limited to, pump houses, signs, aboveground tanks, microwave or satellite dishes, which have not been specifically described in the Declarations.

The most we will pay for loss or damage under this Extension is \$100,000 in any one occurrence.

**c. Personal Effects**

You may extend the insurance that applies to Your Business Personal Property to apply to personal effects or "fine arts" owned by your officers, your partners or your employees.

Such property must be located on a premises described in the Declarations.

The most we will pay for loss or damage under this Extension is \$25,000 at each described premises. Our payment for loss of or damage to personal effects and "fine arts" will only be for the account of the owner of the property.

**d. Valuable Papers and Records (Other Than Accounts Receivable)**

You may extend the insurance that applies to Your Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records (other than accounts receivable), including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay in any one occurrence under this Extension is \$25,000 at all described premises and \$10,000 while in transit or at all undesignated premises.

**e. Claim Data Expense**

You may extend the insurance provided by this Coverage Form to apply to the reasonable expenses you incur in preparing claim data when we require it. This includes the cost of taking inventories, making appraisals and preparing other documentation to show the extent of loss. The most we will pay for preparation of claim data under this Extension is \$25,000 in any one occurrence. We will not pay for any expenses incurred, directed, or billed by or payable to insurance adjusters or their associates or subsidiaries or any costs as provided in the Loss Condition-Appraisal.

**f. Outdoor Property**

You may extend the insurance provided by this Coverage Form to apply to your outdoor property on the described premises, as follows:

Fences, retaining walls not part of a building, lawns (including fairways, greens and tees), trees, shrubs and plants, bridges, walks, roadways, patios or other paved surfaces for loss or damage by the following Causes of Loss:

- (a) Fire;
- (b) Lightning;
- (c) Explosion;
- (d) Riot or Civil Commotions; or
- (e) Aircraft.

The most we will pay under this Extension is \$25,000 in any one occurrence, regardless of the types or numbers of items lost or damaged in that occurrence.

**g. Theft Damage to Rented Property**

You may extend coverage for loss or damage by theft or attempted theft which applies to Your Business Personal Property to that part of a building you occupy and which contains:

- (1) Your covered personal property; or
- (2) Equipment within the building used for maintenance or service of the building.

We will not pay for loss or damage:

- (1) Caused by or resulting from fire or explosion; or
- (2) To glass or glass lettering.

This Extension applies only to a building where you are a tenant and are liable for such damage.

**h. Water Damage, Other Liquids, Powder or Molten Material Damage**

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

- a. Results in discharge of any substance from an automatic fire protection system; or
- b. Is directly caused by freezing.

**i. Accounts Receivable**

You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to your accounts receivable records including those on electronic data processing media. Credit card company charge media will be considered accounts receivable until delivered to the credit card company.

(1) We will pay:

- (a) Amounts due from your customers that you are unable to collect because of loss or damage to your accounts receivable records;
- (b) Interest charges on any loan required to offset amounts you are unable to collect because of loss or damage to your accounts receivable records, pending our payment of these amounts;
- (c) Collection expenses in excess of your normal collection expenses

that are made necessary by the loss; and

- (d) Other reasonable expenses that you incur to re-establish your records of accounts receivable;

(2) We will not pay for loss or damage under this Coverage Extension caused by or resulting from any of the following:

- (a) Bookkeeping, accounting or billing errors or omissions; or
- (b) Electrical or magnetic injury, disturbance or erasure of electronic recording except as a result of direct loss caused by lightning.

(3) We will not pay for loss or damage that requires an audit of records or any inventory computation to prove its factual existence.

(4) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss, the following method will be used:

- (a) We will determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs;
- (b) Adjust the total for any normal fluctuations in the amounts of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month; and
- (c) The following will be deducted from the total amount of accounts receivable, however that amount is established:
  - (i) The amount of the accounts for which there is no loss;
  - (ii) The amount of the accounts that you are able to re-establish or collect;
  - (iii) An amount to allow for probable bad debts that you are normally unable to collect; and

- (iv) All unearned interest and service charges.

The most we will pay in any one occurrence under this Extension is \$25,000 at all described premises and \$10,000 while in transit or at all undescribed premises.

**j. Fine Arts**

You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to "fine arts" at a premises described in the Declarations. The most we will pay under this Extension is \$50,000 in any one occurrence.

**k. Personal Property At Undescribed Premises - Limited**

This Extension only applies when a Limit of Insurance is not stated in the Declarations for the Personal Property At Undescribed Premises Coverage.

You may extend the insurance provided by this Coverage Form to apply to Your Business Personal Property that is at a location you do not own, lease or regularly operate. This Extension does not apply to:

- (1) Property in or on a vehicle;
- (2) Property at any fair or "exhibition";
- (3) Property at an installation premises; or
- (4) Property temporarily at a location for more than 90 consecutive days.

The most we will pay for loss or damage under this Extension is \$10,000 in any one occurrence.

**l. Personal Property in Transit - Limited**

This Extension only applies when a Limit of Insurance is not stated in the Declarations for the Personal Property in Transit Coverage.

- (1) You may extend the insurance provided by this Coverage Form to apply to Your Business Personal Property in transit more than 1,000 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.

This Extension does not apply to property in the care, custody or con-

trol of your sales representatives or to tools, equipment, supplies and materials used for service or repair in your business.

- (2) Loss or damage must be caused by or result from one of the following causes of loss:

- (a) Fire, lightning, explosion, wind-storm or hail, riot or civil commotion, or vandalism;
- (b) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed; or
- (c) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.

- (3) The most we will pay for loss or damage under this Extension is \$10,000 for the sum of all losses occurring during each separate 12 month period of this policy.

#### m. Extra Expense

You may extend the insurance provided by this Coverage Form to apply to the necessary and reasonable extra expense you incur to continue as nearly as possible your normal business operations following loss or damage to Covered Property at a premises described in the Declarations by a Covered Cause of Loss. The most we will pay under this Extension is \$10,000 in any one occurrence.

### B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

#### a. Ordinance or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property ; or

- (2) Requiring the tearing down of any property, including the cost of removing its debris;

except as provided in the Ordinance or Law Additional Coverage.

This exclusion, Ordinance or Law, applies whether the loss results from:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

#### b. Earth Movement

- (1) Any earth movement (other than "sinkhole collapse") whether natural or man made, including but not limited to earthquake, mine subsidence, landslide, or earth sinking, rising or shifting. But if earth movement results in fire, or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (2) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence. Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion does not apply to Property:

- (1) In transit;
- (2) At "exhibitions";
- (3) In the care, custody or control of your sales representative; or
- (4) In the custody of any officer or employee of the insured while traveling outside the United States of America (including its territories and possessions), Puerto Rico and Canada.

**c. Governmental Action**

Seizure or destruction of property by orders of governmental authority except as provided for under the Additional Coverage - Ordinance or Law.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Form.

**d. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the loss or damage caused by that fire.

**e. War and Military Action**

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**f. Utility Services**

The failure or fluctuation of power or other utility service supplied to the described premises, however caused, if the failure or fluctuation occurs away from the described premises.

But if the failure or fluctuation of power or other utility service results in a Covered

Cause of Loss, we will pay for the loss or damage caused by that Covered Cause or Loss.

**g. Water**

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;
  - (b) Basements, whether paved or not; or
  - (c) Doors, windows or other openings.

But if Water, as described in g.(1) through g.(3) above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

This exclusion does not apply to Property:

- (1) In transit;
- (2) At "exhibitions";
- (3) In the care, custody or control of your sales representatives; or
- (4) In the custody of any officer or employee of the insured while traveling outside the United States of America (including its territories and possessions), Puerto Rico and Canada.

**h. Neglect**

Neglect of an insured to use reasonable means to save and preserve property from further damage at and after the time of loss.

**i. Collapse of Buildings**

Collapse of buildings or structures meaning an abrupt falling down or caving in of a building or substantial part of a building with the result being that the building or substantial part of a building cannot be occupied for its intended purpose.



**(1) A building or part of a building:**

- (a)** That is in imminent danger of abruptly falling down or caving in; or
- (b)** Suffers a substantial impairment of structural integrity;

is not considered a collapse but is considered to be in a state of imminent collapse.

**(2) However, we will pay for collapse of buildings or structures if caused only by one or more of the following:**

- (a)** Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects; weight of snow, ice or sleet; water damage, meaning accidental discharge of water or steam as the direct result of the breaking apart or cracking of a system or appliance containing water or steam;
- (b)** Decay, insect or vermin damage that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- (c)** Weight of people or personal property;
- (d)** Weight of rain that collects on a roof; or
- (e)** Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling, or renovation is complete and is caused in part by a cause of loss listed in 1.i.(2)(a) through (d) above, we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling, or renovation, contributes to the collapse.

If collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

**j. Imminent Collapse of Buildings**

As respects buildings or structures in a state of imminent collapse as defined in 1.i.(1)(a) and (b) above, we will not pay for loss or damage except if the state of imminent collapse has been caused only by one or more of the following which have occurred during the policy period:

- (1)** Fire; lightning; explosion; windstorm or hail; riot or civil commotion; "sinkhole collapse"; weight of snow, ice or sleet;
- (2)** Weight of people or personal property;
- (3)** Weight of rain that collects on a roof; or
- (4)** Use of defective material or methods in construction, remodeling or renovation if the state of imminent collapse occurs during the course of construction, remodeling or renovation.

**2. We will not pay for loss or damage caused by or resulting from any of the following:**

- a.** Artificially generated electric current, including electric arcing, that disturbs electrical devices, equipment, appliances or wires unless caused by a "specified causes of loss".

But if artificially generated electric current results in fire, we will pay for the loss or damage caused by that fire.

- b.** Delay, loss of use or loss of market.
- c.**
  - (1)** Wear and tear;
  - (2)** Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
  - (3)** Settling, cracking, shrinking or expansion;
  - (4)** Nesting or infestation or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;

(5) Mechanical breakdown (including rupture or bursting caused by centrifugal force). This exclusion does not apply to resultant loss or damage by fire, building glass breakage or elevator collision.

(6) The following causes of loss to personal property:

- (a) Dampness or dryness of atmosphere;
- (b) Changes in or extremes of temperature;
- (c) Changes in flavor, color, texture or finish; and
- (d) Contamination.

But if an excluded cause of loss that is listed in 2.c.(1), 2.c.(2), 2.c.(3), 2.c.(4) and 2.c.(6) above results in a "specified causes of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified causes of loss" or building glass breakage.

d. Dishonest or criminal act by you, any of your partners, employees (including leased employees), directors, trustees, authorized representatives or anyone (other than a carrier for hire or bailee) to whom you entrust the property for any purpose:

- (1) Acting alone or in collusion with others; or
- (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction of Covered Property by your employees, but theft by employees is not covered.

e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control unless caused by a "specified causes of loss". But if explosion of steam boilers, steam pipes, steam engines, or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues

or passages through which the gases of combustion pass.

- f. Rain, snow, sand, dust, ice or sleet to personal property in the open (other than to property in the custody of a carrier for hire).
- g. The cost of correcting or making good the damage to personal property attributable to such property being processed, manufactured, tested or otherwise being worked upon.
- h. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified causes of loss", we will pay for the loss or damage caused by that "specified causes of loss".
- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property.

But we will pay for loss to Covered Property under the Personal Property In Transit coverage which is caused by your acceptance, in good faith, of false bills of lading or shipping receipts.

3. We will not pay for loss or damage caused by or resulting from any of the following, but if an excluded cause of loss that is listed in 3.a through 3.c. below results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in B.1. above to produce the loss or damage.
- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body except as provided in the Ordinance or Law Additional Coverage.
- c. Faulty, inadequate or defective:
  - (1) Planning, zoning, development, surveying, siting;

- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
  - (3) Materials used in repair, construction, renovation or remodeling; or
  - (4) Maintenance;
- of part or all of any property on or off the described premises.

#### C. LIMITATIONS

The following limitations apply to all policy forms and endorsements unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
  - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
  - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
  - c. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
 

This limitation does not apply to property in the custody of a carrier for hire.
2. The special limit shown for each category, a. through c., is the total limit for loss of or damage to all property in each category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:
  - a. \$10,000 for furs, fur garments and garments trimmed with fur.
  - b. \$10,000 for jewelry, watches, watch movements, jewels, pearls, precious and

semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals, but;

- (1) This limit is increased to \$50,000 for gold, silver, platinum, and other precious alloys or metals all used as a raw material in your manufacturing process; and

- (2) This limit does not apply to jewelry and watches worth \$100 or less per item.

- c. \$1,000 for stamps, tickets (including lottery tickets held for sale) and letters of credit.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

#### D. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the smallest applicable Limit of Insurance shown in the Declarations, Schedules, Coverage Form(s), or Endorsement(s).

Unless otherwise stated in the Declarations or in endorsements the limits applicable to the Additional Coverages and the Coverage Extensions are additional Limits of Insurance except for the following:

1. Preservation of Property, Fire Department Service Charge and Fire Protective Equipment Discharge Additional Coverages; and
2. Theft Damage To Rented Property and the Water, Other Liquids, Powder or Molten Material Damage Coverage Extensions.

#### E. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the applicable Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the applicable Deductible, up to the applicable Limit of Insurance.

Unless otherwise stated, if more than one deductible amount applies to the same loss or damage the most we will deduct is the largest applicable deductible.

**F. LOSS CONDITIONS**

The following conditions apply in addition to the Common Policy Conditions – Deluxe.

**1. Abandonment**

There can be no abandonment of any property to us.

**2. Appraisal**

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

**3. Duties in the Event of Loss or Damage**

- a. You must see that the following are done in the event of loss of or damage to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when, and where the loss or damage occurred.
- (4) Promptly make claim in writing against any other party which had custody of the Covered Property at the time of loss.
- (5) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any loss

or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

- (6) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

- (7) As often as may be reasonably required, permit us to inspect the property and records proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis and permit us to make copies from your books and records.

- (8) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

- (9) Cooperate with us in the investigation or settlement of the claim.

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

**4. Loss Payment**

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property subject to b. below;
- (3) Take all or any part of the property at an agreed or appraised value; or

- (4) Repair, rebuild, or replace the property with other property of like kind and quality subject to b. below.
- b. Except as provided in the Additional Coverage - Ordinance or Law, the cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owner's property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if:
  - (1) You have complied with all of the terms of this Coverage Part; and
  - (2) We have reached agreement with you on the amount of loss or an appraisal award has been made.
- h. At our option, we may make a partial payment toward any claims, subject to the policy provisions and our normal adjustment process. To be considered for a partial claim payment, you must submit a partial sworn proof of loss with supporting documentation. Any applicable policy deductibles must be satisfied before any partial payments are made.

#### 5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property.

- a. We will pay:
    - (1) Recovery expenses; and
    - (2) Costs to repair the recovered property;
  - b. But the amount we will pay will not exceed:
    - (1) The total of a.(1) and a.(2) above;
    - (2) The value of the recovered property; or
    - (3) The Limit of Insurance;
 whichever is less.
- #### 6. Pairs, Sets, or Parts
- a. In case of loss to any part of a pair or set we may at our option:
    - (1) Repair or replace any part to restore the pair or set to its value before the loss; or
    - (2) Pay the difference between the value of the pair or set before and after the loss.
  - b. Parts. In case of loss to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

#### 7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At replacement cost (without deduction for depreciation) as of the time of loss or damage, except as provided in b., c., d., e., f., g., h., i., j., k., l., m., n., o. and p. However, property will be valued at the actual cash value at the time of loss or damage until the property is repaired or replaced within a reasonable period of time. This restriction does not apply to losses less than \$10,000.
- b. If you decide to repair or rebuild buildings which have sustained loss or damage, our payment will include any reasonable and necessary architectural, engineering, consulting or supervisory fees incurred. This will not increase the applicable Limits of Insurance.

c. Tenant's Improvements and Betterments at:

- (1) Replacement cost (without deduction for depreciation) of the lost or damaged property if you make repairs promptly.
- (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
  - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
  - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (3) Nothing if others pay for repairs or replacement.
- d. Personal property you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- e. Personal property valuation includes the pro-rated value of non-refundable and non-transferable extended warranties, maintenance contracts or service contracts that you purchased, on lost or damaged personal property that you repair or replace.
- f. "Stock" in process at the cost of raw material, labor, plus the proper proportion of overhead charges.
- g. Personal Property of Others at the amount for which you are liable, not to exceed the replacement cost.
- h. Glass at the cost of replacement with safety glazing material if required by law.
- i. Valuable Papers and Records, including those which exist on electronic or magnetic media (other than prepackaged software programs), at the cost of:

- (1) Blank material for reproducing the records; and

- (2) Labor to transcribe or copy the records when there is a duplicate.

j. Works of arts, antiques or rare articles at the least of:

- (1) Market value at the time and place of loss;

- (2) Cost of reasonably restoring that property; or

- (3) Replacing that property with substantially the same property.

k. Personal property at "exhibitions" at the lesser of replacement cost or the original cost to you.

l. Patterns, dies, molds, and forms not in current usage at actual cash value. If loss is paid on an actual cash value basis, and within 24 months from the date of the loss you need to repair or replace one or more of them, we will pay you, subject to the conditions of this insurance, the difference between actual cash value and replacement cost for those patterns, molds and dies which are actually repaired or replaced.

m. If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss and we take all or part of the property at an agreed or appraised value, we will pay:

- (1) Any expenses you incur to:

- (a) Stamp the word 'Salvage' on the merchandise or its containers, if the stamp will not physically damage the merchandise; or

- (b) Remove the brands or labels, if doing so will not physically damage the merchandise. You must relabel the merchandise or its containers to comply with the law.

- (2) Any reduction in the salvage value of the damaged merchandise with brand or label removed.

n. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual

cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

- o. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2), or (3), subject to p. below:

- (1) The Limit of Insurance applicable to the lost or damaged property;
- (2) The cost to replace, at the same location, the lost or damaged property with other property;
  - (a) Of comparable material and quality; and
  - (b) Used for the same purpose; or
- (3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

- p. The cost to repair, rebuild, or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property, except as provided in the Additional Coverage - Ordinance or Law.

#### G. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy Conditions - Deluxe.

##### 1. MortgageHolders

- a. The term, mortgageholder, includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
  - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The mortgageholder's right under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we can cancel this policy, we will give written notice to the mortgageholder at least:

- (1) 10 days before the effective date of cancellation if we cancel for your non-payment of premium; or
- (2) 60 days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 60 days before the expiration date of this policy.

##### 2. Concealment, Misrepresentation or Fraud

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other Named Insured at any time, intentionally conceal or misrepresent a material fact concerning:

- a. This Coverage Part;
- b. The Covered Property;

- c. Your interest in the Covered Property; or
- d. A claim under this Coverage Part.

**3. Control of Property**

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

**4. Legal Action Against Us**

No one may bring a legal action against us under this Coverage Part unless:

- a. There has been full compliance with all of the terms of this Coverage Part; and
- b. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

**5. Liberalization**

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

**6. No Benefit to Bailee**

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

**7. Other Insurance**

- a. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
- b. If there is other insurance covering the same loss or damage, other than that described in a. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

**8. Policy Period, Coverage Territory**

Under this Coverage Part:

- a. We cover loss or damage commencing:
  - (1) During the policy period shown in the Declarations; and
  - (2) Within the coverage territory.
- b. The coverage territory is:
  - (1) The United States of America (including its territories and possessions);
  - (2) Puerto Rico; and
  - (3) Canada.

**9. Transfer of Rights of Recovery Against Others to Us**

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property.
- b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:
  - (1) Someone insured by this insurance;
  - (2) A business firm:
    - (a) Owned or controlled by you; or
    - (b) That owns or controls you; or
  - (3) Your tenant.

This will not restrict your insurance.

**10. Unintentional Errors in Description**

Your error in how you describe the address of a location in the Location Schedule shall not prejudice coverage afforded by this policy, provided such error is not intentional. Any such error shall be reported and corrected when discovered and appropriate premium charged.

**H. OPTIONAL COVERAGES**

If shown in the Declarations, the following Optional Coverages apply separately to each item.

- 1. **Actual Cash Value** replaces Replacement Cost in the Loss Conditions - Valuation Provision of this Coverage Form.



**2. Inflation Guard**

- a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
  - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance; times
  - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08); times
  - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example:

If: The applicable  
Limit of Insurance is: \$100,000

The annual percentage  
increase is: 8%

The number of days  
since the beginning  
of the policy year  
(or last policy change) is: 146

The amount of the increase  
is:  $\$100,000 \times .08 \times 146/365 = \$3,200$

**3. Manufacturers Selling Price Clause**

The following is added to the Loss Conditions - VALUATION Provision:

We will determine the value of "finished stock" you manufacture, in the event of loss or damage, at:

- a. The selling price, if no loss or damage occurred;
- b. Less discounts and expenses you otherwise would have had.

**I. DEFINITIONS**

1. "Exhibition" means the temporary display of personal property at a convention, exposition, trade show or similar event at a location you do not own or regularly occupy.
2. "Fine Arts" means paintings, etchings, pictures, tapestries, art glass windows, valuable

rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass, bric-a-brac and similar property of rarity, historical value, or artistic merit.

3. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste and any unhealthful or hazardous building materials (including but not limited to asbestos and lead products or materials containing lead). Waste includes materials to be recycled, reconditioned or reclaimed.
4. "Sinkhole Collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite.

This cause of loss does not include:

- (1) The cost of filling sinkholes; or
- (2) Sinking or collapse of land into man made underground cavities.

5. "Specified Causes of Loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

- a. Falling objects does not include loss or damage to:

- (1) Personal property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

- b. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

6. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

7. "Finished Stock" means stock you have manufactured.

"Finished Stock" also includes whiskey and alcoholic products being aged.

"Finished Stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Form.

**VIRGINIA:**

**IN THE FAIRFAX CIRCUIT COURT**

**Park Center Assoc LP, et al**

**Plaintiff(s)**

**versus**

**CL No. 2009 17246**

**Travelers Property Casualty Co of America**

**Defendant(s)**

**ORDER**

A Scheduling Conference was held in this matter today, but no action could be taken because no service.

It is ORDERED that the Scheduling Conference be continued to 7/29/10 at 8:30 a.m. The following action(s) must be completed by that time, or the court may enter a Rule to Show Cause why the case should not be removed from the active docket of the court.

for service on A

ENTERED: \_\_\_\_\_, 20\_\_\_\_.

**JUDGE**

*[Signature]*

**Counsel for Plaintiff(s)**

**Counsel for Defendant(s)**